

TOWN OF BERNICE, LOUISIANA  
SALES TAX FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	208,589	197,622
Interest Receivable	<u>201</u>	<u>319</u>
<u>TOTAL ASSETS</u>	<u>208,790</u>	<u>197,941</u>
 <u>FUND BALANCE</u>	 <u>208,790</u>	 <u>197,941</u>

GOVERNMENTAL FUND TYPE - GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

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INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH LAWS AND REGULATIONS  
REQUIRED BY GAO STANDARDS

To The Honorable Clifton McIntosh  
Members of the Board of Aldermen  
Town of Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996 and have issued our report thereon dated March 27, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Bernice, is the responsibility of the Town of Bernice's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclose no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Marcus, Robinson & Hassell*

MARCUS, ROBINSON AND HASSELL  
March 27, 1997

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INDEPENDENT AUDITOR'S REPORT ON  
SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Honorable Clifton McIntosh  
Members of the Board of Alderman  
Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997. These general-purpose financial statements are the responsibility of the Town of Bernice's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the Town of Bernice, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

*Marcus, Robinson & Hassell*

Marcus, Robinson and Hassell  
March 27, 1997

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INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH GENERAL REQUIREMENTS  
APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Clifton McIntosh  
Members of the Board of Aldermen  
Town of Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997.

We have applied procedures to test the Town of Bernice's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1996.

General Requirements

Political Activity  
Davis Bacon Act  
Civil Rights  
Cash Management  
Relocation Assistance and Real Property Acquisition  
Federal Financial Reports  
Allowable Cost and Cost Principles  
Drug Free Workplace  
Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Bernice's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Bernice, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Marcus, Robinson & Hassell*

Marcus, Robinson, and Hassell  
March 27, 1997

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC  
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Clifton McIntosh  
Members of the Board of Alderman  
Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997.

We have also audited the Town of Bernice's compliance with the requirements governing the types of services allowed or unallowed; eligibility matching, level of effort, or earmarking; reports; claims for advances and reimbursements; and amounts claimed to be used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of Town of Bernice is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Bernice's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Town of Bernice complied, in all material respects, with the requirements governing the types of services allowed or unallowed; eligibility matching, level of effort, or earmarking; reports; claims for advances and reimbursements; and amounts claimed to be used for matching that are applicable to each of its major federal financial assistance programs for the year ended December 31, 1996.

This report is intended for the information of the management, the Board of Alderman, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Marcus, Robinson and Hassell*

Marcus, Robinson and Hassell  
March 27, 1997

TOWN OF BERNICE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 1996

Programs

Findings

Of the items tested there were no questioned costs found.

SUPPLEMENTAL INFORMATION

TOWN OF BERNICE  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 1996

Federal Grants/ Pass Through Grantor/ Program Title	Outstanding Notes Payable Balances	CFDA Number	Expenses/ Expenditures 12-31-1996
Major Program:			
USDA - Water and Waste Systems for Rural Communities	<u>702,129</u>	10.418	<u>-0-</u>

errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

Cash Receipts  
Purchasing  
Payroll  
Property and Equipment

Administrative Controls

Political Activity  
Civil Rights  
Cash Management  
Relocation Assistance and  
Real Property Acquisition  
Federal Financial Reports  
Allowable Costs and Cost Principles  
Drug Free Workplace  
Administrative Requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, the Town of Bernice, Louisiana, expended 100 percent of its total federal financial assistance under the major federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the major federal financial assistance programs of the Town of Bernice, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and

TOWN OF BERNICE, LOUISIANA  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	10,788	5,119
Accounts Receivable	1,640	875
Property Taxes Receivable	5,644	5,674
Due from Enterprise Fund	2,797	2,800
Gasoline Inventory	-0-	373
Prepaid Insurance	5,685	3,491
<u>TOTAL ASSETS</u>	<u>26,554</u>	<u>18,332</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	8,661	8,341
Payroll Taxes Payable	1,508	779
Workman's Comp. Payable	3,250	3,589
Total Liabilities	<u>13,419</u>	<u>12,709</u>
 Fund Balance	 <u>13,135</u>	 <u>5,623</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>26,554</u>	<u>18,332</u>

TOWN OF BERNICE, LOUISIANA  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>REVENUES</u>		
Ad Valorem Tax	26,991	17,097
Fines	15,667	10,943
License	40,353	39,422
Tobacco & Beverage Tax	13,241	11,877
Fees - Louisiana Power & Light	21,695	20,736
Fees - Arkla Gas	17,504	11,780
State Revenue Sharing	1,407	1,797
Cable TV Franchise Fee	4,670	4,242
Miscellaneous	1,466	25,389
Sanitation Fee Income	33,800	33,603
Building Permits	575	570
Lots Sold	-0-	1,500
Rent Income	3,000	-0-
<u>TOTAL REVENUES</u>	<u>180,369</u>	<u>178,956</u>
<u>EXPENDITURES</u>		
Administrative	29,934	28,232
Public Safety	119,916	119,628
Streets & Sanitation	59,170	69,818
General	103,890	88,598
Capital Outlay	154,820	10,839
<u>TOTAL EXPENDITURES</u>	<u>467,730</u>	<u>317,115</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	(287,361)	(138,159)
<u>OTHER FINANCING SOURCES (USES):</u>		
Transfer from Water & Sewer Fund	134,873	-0-
Transfer from Sales Tax Fund	160,000	129,850
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>	7,512	(8,309)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>5,623</u>	<u>13,932</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>13,135</u>	<u>5,623</u>

TOWN OF BERNICE, LOUISIANA  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
COMPARATIVE STATEMENT OF EXPENDITURES  
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ADMINISTRATIVE</u>	29,934	28,232
<u>PUBLIC SAFETY</u>		
Police Department	119,916	119,628
<u>STREET AND SANITATION</u>		
Sanitation Department Expense	36,023	34,397
Street Expense	<u>23,147</u>	<u>35,421</u>
	59,170	69,818
<u>GENERAL</u>		
General	103,890	88,598
<u>CAPITAL OUTLAY</u>	<u>154,820</u>	<u>10,839</u>
<u>TOTAL EXPENDITURES</u>	<u><u>467,730</u></u>	<u><u>317,115</u></u>

GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

Sales Tax - To account for the receipt and use of proceeds of the Town's sales tax. These taxes are dedicated and are to be used for the purpose of establishing, acquiring, constructing, maintaining, building, and repairing streets, roads, and bridges; construction and maintaining drains and drainage ditches; establishing, acquiring, operating, and maintaining solid waste disposal facilities and equipment, therefore; including the acquisition, operation, and maintenance of equipment for the collection of same; constructing, operating, and maintaining sewage and water improvements; or for one or more of said purposes, said tax to be subject to funding into bonds by the Town for the purpose of making capital improvement to the extent and in the manner permitted by the laws of Louisiana.

Fire Protection Grant - To account for community development block grant proceeds for the fire protection project.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF BERNICE, LOUISIANA  
GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUND  
COMBINED STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>REVENUE</u>		
Interest Income	6,989	7,979
Sales Tax Collected	180,260	182,784
Federal Grants	-0-	357,105
<u>TOTAL REVENUE</u>	<u>187,249</u>	<u>547,868</u>
<u>EXPENDITURES</u>		
Public Safety	11,400	18,000
Capital Outlay	-0-	359,490
General	-0-	615
<u>TOTAL EXPENDITURES</u>	<u>11,400</u>	<u>378,105</u>
Excess Revenues over Expenditures	175,849	169,763
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfer to General Fund	(160,000)	(129,850)
Transfer to Water & Sewer Fund	(5,000)	-0-
Transfer from Sales Tax Fund	-0-	-0-
<u>TOTAL OTHER FINANCING USES</u>	<u>(165,000)</u>	<u>(129,850)</u>
Excess (Deficiency) of Revenues And Other Sources Over Expenditures and Other Financing Uses	10,849	39,913
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>197,941</u>	<u>158,028</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>208,790</u>	<u>197,941</u>

TOWN OF BERNICE, LOUISIANA  
SALES TAX FUND  
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>REVENUE</u>		
Interest Income	6,989	7,979
Sales Tax Collected	180,260	182,784
<u>TOTAL REVENUE</u>	<u>187,249</u>	<u>190,763</u>
<u>EXPENDITURES</u>		
Public Safety	11,400	18,000
Capital Outlay	-0-	3,000
<u>TOTAL EXPENDITURES</u>	<u>11,400</u>	<u>21,000</u>
Excess Revenues over Expenditures	175,849	169,763
<u>OTHER FINANCING USES</u>		
Transfer to General Fund	160,000	129,850
Transfer to Water & Sewer Fund	5,000	-0-
<u>TOTAL OTHER FINANCING USES</u>	<u>165,000</u>	<u>129,850</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	10,849	39,913
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>197,941</u>	<u>158,028</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>208,790</u>	<u>197,941</u>

TOWN OF BERNICE, LOUISIANA  
FIRE PROTECTION GRANT FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	<u>-0-</u>	<u>-0-</u>
<u>TOTAL ASSETS</u>	<u>-0-</u>	<u>-0-</u>
<u>FUND BALANCE</u>	<u>-0-</u>	<u>-0-</u>

TOWN OF BERNICE, LOUISIANA  
FIRE GRANT FUND  
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>REVENUE</u>		
Federal Grants	-0-	357,105
<u>TOTAL REVENUE</u>	-0-	357,105
 <u>EXPENDITURES</u>		
Capital Outlay	-0-	356,490
General	-0-	615
<u>TOTAL EXPENDITURES</u>	-0-	357,105
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	-0-	-0-
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfer from Sales Tax Fund	-0-	-0-
<u>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</u>	-0-	-0-
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	-0-	-0-
<u>FUND BALANCE AT END OF YEAR</u>	<u>-0-</u>	<u>-0-</u>

THE TOWN OF BERNICE, LOUISIANA  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 1996

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from Customers	202,795
Cash Payments to Suppliers for Goods and Services	(103,784)
Cash Payments to Employees for Services	(52,645)
Cash Received for Other Operating Income	<u>8,024</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	54,390
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Received From (Provided To) Other Funds	<u>(129,877)</u>
<u>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</u>	(129,877)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Principal Paid on Revenue Bond Maturities	(9,763)
Acquisition and Construction of Capital Assets	(3,615)
Interest Paid on Revenue Bonds	<u>(39,787)</u>
<u>NET USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</u>	(53,165)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on Investments	<u>9,453</u>
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>9,453</u>
<u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	(119,199)
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>209,221</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u><u>90,022</u></u>
<u>CASH SUMMARY</u>	
Unrestricted Cash	19,594
Restricted Cash	48,505
Restricted Cash - Savings	21,923
	<u><u>90,022</u></u>

See Accompanying Notes

TOWN OF BERNICE, LOUISIANA  
GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUND  
COMBINED BALANCE SHEET  
DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	208,589	197,622
Interest Receivable	<u>201</u>	<u>319</u>
<u>TOTAL ASSETS</u>	<u>208,790</u>	<u>197,941</u>
 <u>FUND BALANCE</u>	 <u>208,790</u>	 <u>197,941</u>

TOWN OF BERNICE  
STATEMENT OF CASH FLOWS (CONTINUED)  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 1996

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	(30,960)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	80,228
Change in Assets and Liabilities:	
Decrease in Accounts Receivable	3,187
Decrease in Inventory	546
Increase in Accounts Payable	1,137
Increase in Payroll Taxes Payable	21
Decrease in Sales Tax Payable	(59)
Increase in Meter Deposits	<u>290</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

54,390

See Accompanying Notes

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THE TOWN OF BERNICE, LOUISIANA

FINANCIAL STATEMENTS  
AND  
ACCOUNTANT'S REPORT

DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date APR 10 1997

THE TOWN OF BERNICE  
DECEMBER 31, 1996  
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Independent Auditor's Report

The Honorable Clifton McIntosh, Mayor  
Members of the Board of Aldermen  
Town of Bernice, Louisiana

We have audited the accompanying general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996. These general-purpose financial statements are the responsibility of the Town of Bernice, Louisiana, management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Bernice, Louisiana, as of December 31, 1996, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Town of Bernice, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

*Marcus, Robinson & Hassell*

MARCUS, ROBINSON & HASSELL

Monroe, Louisiana  
March 27, 1997

TOWN OF BERNICE, LOUISIANA  
COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1996

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPE
	GENERAL.	SPECIAL REVENUE	ENTERPRISE
<u>ASSETS</u>			
Current			
Cash	10,788	208,589	19,594
Accounts Receivable	1,640	-0-	24,428
Accrued Interest Receivable	-0-	201	-0-
Property Taxes Receivable	5,644	-0-	-0-
Due from Other Funds	2,797	-0-	-0-
Inventory Supplies	-0-	-0-	4,546
Prepaid Insurance	5,685	-0-	-0-
<u>TOTAL CURRENT ASSETS</u>	26,554	208,790	48,568
Restricted Assets			
Cash in Bank	-0-	-0-	48,505
Cash - Savings Accounts - Replacement & Extension	-0-	-0-	21,923
Accrued Interest Receivable	-0-	-0-	2,094
<u>TOTAL RESTRICTED ASSETS</u>	-0-	-0-	72,522
Property, Plant, and Equipment - Net of Allowance for Depreciation	-0-	-0-	1,893,215
General Fixed Assets	-0-	-0-	-0-
<u>TOTAL ASSETS</u>	26,554	208,790	2,014,305

TOWN OF BERNICE, LOUISIANA  
COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1996

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPE
	GENERAL	SPECIAL REVENUE	ENTERPRISE
<u>LIABILITIES AND FUND EQUITY</u>			
<u>RETAINED EARNINGS</u>			
Liabilities			
Current (Payable from Current Assets)			
Accounts Payable	8,661	-0-	7,196
Payroll Taxes Payable	1,508	-0-	157
Workman's Comp Payable	3,250	-0-	-0-
Sales Tax Payable	-0-	-0-	423
Meter Deposits	-0-	-0-	17,630
Due to Other Funds	-0-	-0-	2,797
<u>TOTAL CURRENT (PAYABLE FROM CURRENT ASSETS)</u>	<u>13,419</u>	<u>-0-</u>	<u>28,203</u>
Current (Payable from Restricted Assets)			
Water Revenue Bonds - Current	-0-	-0-	7,401
Accrued Interest	-0-	-0-	10,388
Water Revenue Bonds Long-term	-0-	-0-	694,728
<u>TOTAL LIABILITIES</u>	<u>13,419</u>	<u>-0-</u>	<u>740,720</u>
<u>FUND EQUITY</u>			
Contributed Capital			
Contributions from Grants	-0-	-0-	1,370,159
Contributions from Municipalities	-0-	-0-	352,982
Investment in General Fixed Assets	-0-	-0-	-0-
Retained Earnings			
Reserve for Replacement and Extension	-0-	-0-	18,748
Reserve for FHA Water Improvement	-0-	-0-	25,060
Unreserved	-0-	-0-	(493,364)
Fund Balance	<u>13,135</u>	<u>208,790</u>	<u>-0-</u>
<u>TOTAL FUND EQUITY</u>	<u>13,135</u>	<u>208,790</u>	<u>1,273,585</u>
<u>TOTAL LIABILITIES &amp; FUND EQUITY</u>	<u>26,554</u>	<u>208,790</u>	<u>2,014,305</u>

ACCOUNT GROUP	1996	1995
GENERAL FIXED ASSETS	TOTALS (MEMO ONLY)	TOTALS (MEMO ONLY)
-0-	15,857	14,400
-0-	1,665	915
-0-	3,250	3,589
-0-	423	482
-0-	17,630	17,340
-0-	<u>2,797</u>	<u>2,800</u>
-0-	41,622	39,526
-0-	7,401	6,831
-0-	10,388	7,606
-0-	<u>694,728</u>	<u>705,061</u>
-0-	754,139	759,024
-0-	1,370,159	1,370,159
-0-	352,982	352,982
1,185,324	1,185,324	1,030,504
-0-	18,748	16,132
-0-	25,060	43,867
-0-	(493,364)	(312,007)
-0-	<u>221,925</u>	<u>203,564</u>
<u>1,185,324</u>	<u>2,680,834</u>	<u>2,705,201</u>
<u>1,185,324</u>	<u>3,434,973</u>	<u>3,464,225</u>

See Accompanying Notes

TOWN OF BERNICE, LOUISIANA  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1996

	GOVERNMENTAL FUND TYPES		1996	1995
	GENERAL	SPECIAL REVENUE	(MEMO- ONLY)	(MEMO- ONLY)
<b>REVENUE</b>				
Fines	15,667	-0-	15,667	10,943
Licenses	40,353	-0-	40,353	39,422
Tobacco & Beverage Tax	13,241	-0-	13,241	11,877
Fees - Louisiana Power & Light	21,695	-0-	21,695	20,736
Fees - Arkla Gas	17,504	-0-	17,504	11,780
Ad Valorum Taxes	26,991	-0-	26,991	17,097
State Revenue Sharing	1,407	-0-	1,407	1,797
Cable TV Franchise Fee	4,670	-0-	4,670	4,242
Miscellaneous	1,466	-0-	1,466	25,389
Sanitation Fee Income	33,800	-0-	33,800	33,603
Building Permits	575	-0-	575	570
Rent Income	3,000	-0-	3,000	-0-
Lots Sold	-0-	-0-	-0-	1,500
Sales Tax	-0-	180,260	180,260	182,784
Interest Income	-0-	6,989	6,989	7,979
Federal Grants	-0-	-0-	-0-	357,105
<u>TOTAL REVENUE</u>	<u>180,369</u>	<u>187,249</u>	<u>367,618</u>	<u>726,824</u>
<b>EXPENDITURES</b>				
Administrative	29,934	-0-	29,934	28,232
Public Safety	119,916	11,400	131,316	137,628
Streets & Sanitation	59,170	-0-	59,170	69,818
General	103,890	-0-	103,890	89,213
Capital Outlay	154,820	-0-	154,820	370,329
<u>TOTAL EXPENDITURES</u>	<u>467,730</u>	<u>11,400</u>	<u>479,130</u>	<u>695,220</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>(287,361)</u>	<u>175,849</u>	<u>(111,512)</u>	<u>31,604</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	294,873	-0-	294,873	129,850
Operating Transfers Out	-0-	(165,000)	(165,000)	(129,850)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>294,873</u>	<u>(165,000)</u>	<u>129,873</u>	<u>-0-</u>
<u>EXCESS (DEFICIENCY) OF REVENUE &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER USES</u>	<u>7,512</u>	<u>10,849</u>	<u>18,361</u>	<u>31,604</u>
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>5,623</u>	<u>197,941</u>	<u>203,564</u>	<u>171,960</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>13,135</u>	<u>208,790</u>	<u>221,925</u>	<u>203,564</u>

See Accompanying Notes

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL -  
GENERAL AND SPECIAL REVENUE TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>GENERAL FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIABLE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUE</u>			
Fines	14,000	15,667	1,667
Licenses	38,000	40,353	2,353
Tobacco & Beverage Tax	11,892	13,241	1,349
Fees - Louisiana Power & Light	18,616	21,695	3,079
Fees - Arkla Gas	8,000	17,504	9,504
Ad Valorem Taxes	17,568	26,991	9,423
State Revenue Sharing	1,797	1,407	(390)
Cable TV Franchise Fee	2,000	4,670	2,670
Miscellaneous	2,000	1,466	(534)
Sanitation Fee Income	33,292	33,800	508
Building Permits	-0-	575	575
Rent Income	-0-	3,000	3,000
Lots Sold	-0-	-0-	-0-
Sales Tax	-0-	-0-	-0-
Interest Income	-0-	-0-	-0-
Federal Grants	-0-	-0-	-0-
<u>TOTAL REVENUE</u>	<u>147,165</u>	<u>180,369</u>	<u>33,204</u>
<u>EXPENDITURES</u>			
Administrative	25,200	29,934	(4,734)
Public Safety	135,000	119,916	15,084
Streets and Sanitation	71,800	59,170	12,630
General	86,900	103,890	(16,990)
Capital Outlay	-0-	154,820	(154,820)
<u>TOTAL EXPENDITURES</u>	<u>318,900</u>	<u>467,730</u>	<u>(148,830)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>(171,735)</u>	<u>(287,361)</u>	<u>(115,626)</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In:	160,000	294,873	134,873
Operating Transfers Out:	-0-	-0-	-0-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>160,000</u>	<u>294,873</u>	<u>134,873</u>
<u>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(11,735)</u>	<u>7,512</u>	<u>19,247</u>
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>5,623</u>	<u>5,623</u>	<u>-0-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>(6,112)</u>	<u>13,135</u>	<u>19,247</u>

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Bernice was incorporated under the provisions of the Lawrason Act. The City operates under a Mayor - Board of Aldermen form of government.

The accounting and reporting policies of the Town of Bernice conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies.

FINANCIAL REPORTING ENTITY

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (The Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

FUND ACCOUNTING

The accounts of the Town of Bernice are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

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regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, the Board of Aldermen and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Marcus, Robinson & Hassell*

Marcus, Robinson, and Hassell  
March 27, 1997

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Marcus Robinson & Hassell*

MARCUS, ROBINSON AND HASSELL  
March 27, 1997

TOWN OF BERNICE, LOUISIANA  
COMPARATIVE STATEMENT OF GENERAL FIXED ASSET ACCOUNT GROUP  
DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>GENERAL FIXED ASSETS AT COST *</u>		
Land - Inside City Limits	103,235	103,235
Land - Outside City Limits	1,150	1,150
Building - Town Hall	75,000	75,000
Building - Old Town Hall	5,000	5,000
Building - Old Depot	17,497	17,497
Furniture & Office Equipment	11,444	11,444
Police Equipment	57,900	57,900
Vehicles	177,518	177,518
Gasoline Tank and Trailers	7,546	7,546
Streets	93,075	93,075
Street Department Tractor	5,000	5,000
Fire Truck	210,182	210,182
Capitalization of Fire Protection Grant	260,117	260,117
Fire Protection Equipment	5,840	5,840
Medical Clinic	154,820	-0-
	<u>1,185,324</u>	<u>1,030,504</u>
 <u>PROPERTY ACQUIRED PRIOR TO JANUARY 1, 1978</u>	 276,074	 276,074
 <u>PROPERTY ACQUIRED AFTER JANUARY 1, 1978</u>		
From:		
Federal Revenue Sharing	2,434	2,434
General Fund Reserve	446,089	291,269
Federal Block Grants	374,734	374,734
Sales Tax Fund Reserve	85,993	85,993
	<u>85,993</u>	<u>85,993</u>
 <u>TOTAL INVESTMENT IN GENERAL FIXED ASSETS</u>	 <u>1,185,324</u>	 <u>1,030,504</u>

\* Records were not maintained prior to January 1, 1978. Assets on hand at January 1, 1978 were placed on books at estimated costs.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges: or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fixed assets and long-term liabilities The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, of which the Town does not now have.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

The estimated useful lives are as follows:

Water Utility -	
Wells	40 years
Storage Tanks	40 years
Purification Plant	40 years
Lines & Meters	40 years
Sewerage Utility -	
Pump Stations	40 years
Lines	40 years
Autos and Trucks	3-5 years
Other Equipment	3-10 years

All fixed assets are stated at historical cost or estimated cost if actual historical cost is not available. Prior to 1978, records were not maintained of historical cost. The water system was placed on the books at January 1, 1978 at an estimated value of 413,766.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Budgets and budgetary accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

Inventories Inventory of supplies in both the governmental funds and proprietary fund is valued at cost (first-in, first-out).

Bad Debts Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits The Town has a policy of accumulating unpaid vacation and sick pay. The costs associated with this accumulation is immaterial. Thus, no accrual has been recorded.

Comparative Data Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

Total Columns on Combined Statements - Overview Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of the data.

AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October or November and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Union Parish.

For the year ended December 31, 1996, taxes of 5.28 mills were levied on property with assessed valuations totaling 3,881,430 and were dedicated as follows:

General corporate purpose	5.28 mills
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Total taxes levied were 20,494. Taxes receivable at December 31, 1996, consisted of the following:

Taxes Receivable current roll	4,379
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INTERFUND RECEIVABLES, PAYABLES -

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General fund	2,797	-0-
Special Revenues Funds --		
Sales Tax Fund	-0-	-0-
Enterprise Fund	-0-	2,797

LONG-TERM DEBT

Water Revenue Bond:

Water System Construction. Interest rate is 6%. Payment of interest only was due on October 23, 1990 and 1991. Principal and interest is due October 23, 1992 to 2029. The original bond issuance is for 735,600.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

	<u>ENTERPRISE</u> <u>FUND</u> <u>WATER REVENUE</u> <u>BONDS</u>
Debt Payable January 1, 1996	711,892
Debt Issued	-0-
Debt Retired	<u>9,763</u>
Debt Payable December 31, 1996	702,129
Less: Current Maturities	<u>7,401</u>
Long-term Debt	<u><u>694,728</u></u>

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	7,401	42,150	49,551
1998	7,762	41,789	49,551
1999	8,228	41,323	49,551
2000	8,651	40,900	49,551
2001	9,170	40,381	49,551
2002-2029	<u>653,516</u>	<u>684,355</u>	<u>1,337,871</u>
	<u><u>694,728</u></u>	<u><u>890,898</u></u>	<u><u>1,585,626</u></u>

PROPERTY, PLANT AND EQUIPMENT

The following is a summary of proprietary fund type property, plant, and equipment at December 31, 1996:

	<u>ENTERPRISE</u> <u>FUND</u>
Water & Sewer System	2,091,132
Equipment	115,340
Water System Improvements	988,117
Land	<u>7,162</u>
	3,201,751
Less: Accumulated Depreciation	<u>1,308,536</u>
<u>NET PROPERTY, PLANT &amp; EQUIPMENT</u>	<u><u>1,893,215</u></u>

Depreciation expense for the year ended was \$80,228.

CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets:

Balance 1-1-96	1,030,504
Current Additions	154,820
Current Deletions	<u>-0-</u>
Balance 12-31-96	<u><u>1,185,324</u></u>

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 1% Sales and Use Tax -

The 1% sales tax was increased to 2% effective October 1, 1988.

The proceeds of this tax to be dedicated and used for the purpose of acquiring, constructing, improving, maintaining, and operating fire protection facilities, purchasing fire trucks, ambulances, rescue vehicles, or other fire fighting, ambulance and/or rescue equipment: or for one or more of said purposes including the supplementing of the general revenues, said tax to be subject to funding into funds by the Town for the purpose of making capital improvement to the extent and in the manner permitted by the laws of Louisiana should such become necessary.

PENDING LITIGATION AND CONTINGENT LIABILITIES

The Town attorney has advised that there is no pending litigation against the Town.

RETIREMENT CONDITIONS

All employees of the Town of Bernice are members of the Social Security System. The Town contributed \$14,148 as the employer's portion.

TOWN OF BERNICE ELECTED OFFICIALS

<u>NAME</u>	<u>POSITION</u>	<u>ADDRESS</u>	<u>SALARY</u>	<u>TERM EXPIRES</u>
Clifton McIntosh	Mayor	P. O. Box 63 Bernice, LA 71222	9,600	12/31/98
Minor S. Patton	Chief-of Police	P. O. Box 86 Bernice, LA 71222	20,628	12/31/98
Oliver Gene Terrall	Alderman District 1	197 Holley Bernice, LA 71222	1,200	12/31/98
Rhodell Montgomery	Alderman District 2	P. O. Box 273 Bernice, LA 71222	1,200	12/31/98
John C. Bell	Alderman District 3	P. O. Box 234 Bernice, LA 71222	1,200	12/31/96
Alvin Green	Alderman District 4	P. O. Box 377 Bernice, LA 71222	1,200	12/31/98
Joseph C. Butler	Alderman District 5	P. O. Box 464 Bernice, LA 71222	1,200	12/31/98
<u>TOTAL SALARIES</u>			<u>36,228</u>	

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1996

CASH

Cash Flow Information - Supplemental disclosures of cash flow information:

	1996	1995
Cash paid during the year for:		
Interest	39,787	44,212
Income Taxes	-0-	-0-

Supplemental schedule of non-cash investing and financing activities:

There were no non-cash investing and financing activities for the year.

Disclosure of accounting policy:

For the purposes of the statement of cash flows, the Town considers cash in checking accounts, savings accounts, and certificates of deposit to be cash and cash equivalents.

Cash is classified into three categories to give an indication of the level of risk assumed at year-end. Category 1 includes investments insured or registered or securities which are held by the Town or its agent in the Town's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the bank or agent in the Town's name. Category 3 includes uninsured or unregistered investments with the securities held by the bank or agent but not in the Town's name.

The carrying amount of the Town's deposits with the financial institutions was 311,117 and the book balance was 309,399. The bank balance is categorized as follows:

	Category		
	1	2	3
Cash	191,093	-0-	120,024

RETAINED EARNINGS - ENTERPRISE FUND

The deficit in retained earnings is created by accumulated depreciation on property, plant and equipment. Of the 3,201,751 of property, plant and equipment, 1,723,140 is from contributed capital. Thus, 706,609 or 54% of accumulated depreciation that has flowed through retained earnings is attributable to the assets purchased through contributed capital.

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INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL STRUCTURE  
REQUIRED BY GAO AUDIT STANDARDS

To The Honorable Clifton McIntosh, Mayor  
Members of the Board of Alderman  
Town of Bernice, Louisiana

Gentlemen:

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

The management of the Town of Bernice is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of Town of Bernice, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

SPECIAL REVENUE FUNDS			TOTALS (MEMO ONLY)			
			1996		1995	
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
-0-	-0-	-0-	14,000	15,667	1,667	10,943
-0-	-0-	-0-	38,000	40,353	2,353	39,422
-0-	-0-	-0-	11,892	13,241	1,349	11,877
-0-	-0-	-0-	18,616	21,695	3,079	20,736
-0-	-0-	-0-	8,000	17,504	9,504	11,780
-0-	-0-	-0-	17,568	26,991	9,423	17,097
-0-	-0-	-0-	1,797	1,407	(390)	1,797
-0-	-0-	-0-	2,000	4,670	2,670	4,242
-0-	-0-	-0-	2,000	1,466	(534)	25,389
-0-	-0-	-0-	33,292	33,800	508	33,603
-0-	-0-	-0-	-0-	575	575	570
-0-	-0-	-0-	-0-	3,000	3,000	-0-
-0-	-0-	-0-	-0-	-0-	-0-	1,500
160,000	180,260	20,260	160,000	180,260	20,260	182,784
3,500	6,989	3,489	3,500	6,989	3,489	7,979
-0-	-0-	-0-	-0-	-0-	-0-	357,105
<u>163,500</u>	<u>187,249</u>	<u>23,749</u>	<u>310,665</u>	<u>367,618</u>	<u>56,953</u>	<u>726,824</u>
-0-	-0-	-0-	25,200	29,934	(4,734)	28,232
18,000	11,400	6,600	153,000	131,316	21,684	137,628
-0-	-0-	-0-	71,800	59,170	12,630	69,818
-0-	-0-	-0-	86,900	103,890	(16,990)	89,213
-0-	-0-	-0-	-0-	154,820	(154,820)	370,329
<u>18,000</u>	<u>11,400</u>	<u>6,600</u>	<u>336,900</u>	<u>479,130</u>	<u>(142,230)</u>	<u>695,220</u>
145,500	175,849	30,349	(26,235)	(111,512)	(85,277)	31,604
-0-	-0-	-0-	160,000	294,873	134,873	129,850
<u>(160,000)</u>	<u>(165,000)</u>	<u>(5,000)</u>	<u>(160,000)</u>	<u>(165,000)</u>	<u>(5,000)</u>	<u>(129,850)</u>
<u>(160,000)</u>	<u>(165,000)</u>	<u>(5,000)</u>	<u>-0-</u>	<u>129,873</u>	<u>129,873</u>	<u>-0-</u>
(14,500)	10,849	25,349	(26,235)	18,361	44,596	31,604
<u>197,941</u>	<u>197,941</u>	<u>-0-</u>	<u>203,564</u>	<u>203,564</u>	<u>-0-</u>	<u>171,960</u>
<u>183,441</u>	<u>208,790</u>	<u>25,349</u>	<u>177,329</u>	<u>221,925</u>	<u>44,596</u>	<u>203,564</u>

TOWN OF BERNICE  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Current (Payable from Current Assets)		
Accounts Payable	7,196	6,059
Payroll Taxes Payable	157	136
Sales Tax Payable	423	482
Meter Deposits	17,630	17,340
Due to General Fund	<u>2,797</u>	<u>2,800</u>
<u>TOTAL CURRENT (PAYABLE FROM</u>		
<u>CURRENT ASSETS)</u>	28,203	26,817
Current (Payable from Restricted Assets)		
Bond Payable - FHA - Current	7,401	6,831
Accrued Interest	10,388	7,606
Bond Payable - FHA - Long-term	<u>694,728</u>	<u>705,061</u>
<u>TOTAL LIABILITIES</u>	740,720	746,315
Fund Equity		
Contributed Capital		
Contributions from Grants	1,370,159	1,370,159
Contributions from Municipality	352,982	352,982
Retained Earnings		
Reserve for Replacement and Extension	18,748	16,132
Reserve for FHA Water Improvement	25,060	43,867
Unreserved	<u>(493,364)</u>	<u>(312,007)</u>
<u>TOTAL FUND EQUITY</u>	1,273,585	1,471,133
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>2,014,305</u>	<u>2,217,448</u>

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INDEPENDENT AUDITOR'S REPORT  
ON ACCOUNTING AND ADMINISTRATIVE CONTROLS  
OVER FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Clifton McIntosh, Mayor  
Members of the Board of Aldermen  
Town of Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997. We have also audited the compliance of the Town of Bernice, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated March 27, 1997.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement and about whether the Town of Bernice complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1996, we considered the internal control structure of the Town of Bernice, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements of Town of Bernice, and on the compliance of Town of Bernice with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general-purpose financial statements in a separate report dated March 27, 1997.

The management of Town of Bernice, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure,

TOWN OF BERNICE, LOUISIANA  
PROPRIETARY FUND TYPE- ENTERPRISE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	19,594	75,864
Accounts Receivable	24,428	27,615
Accrued Interest Receivable	-0-	-0-
Inventory of Supplies	4,546	5,092
<u>TOTAL CURRENT ASSETS</u>	<u>48,568</u>	<u>108,571</u>
 Restricted Assets		
Cash in Bank	48,505	112,725
Cash - Savings Account - Replacement and Extension	21,923	20,632
Accrued Interest Receivable	2,094	5,692
<u>TOTAL RESTRICTED ACCOUNTS</u>	<u>72,522</u>	<u>139,049</u>
 Property, Plant and Equipment Net of Allowance for Depreciation	 <u>1,893,215</u>	 <u>1,969,828</u>
<u>TOTAL ASSETS</u>	<u>2,014,305</u>	<u>2,217,448</u>